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ACADIA PARISH FIRST WARD DRAINAGE DISTRICT
FINANCIAL REPORT
DECEMBER 31, 2002

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/30/03

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BROUSSARD, POCHÉ', LEWIS & BREAUX, L.L.P.

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INDEPENDENT AUDITOR'S REPORT

The Honorable Clyde Leger, Jr.,
and the Board of Commissioners
Acadia Parish First Ward Drainage District
Rayne, Louisiana

We have audited the general purpose financial statements of Acadia Parish First Ward Drainage District, a component unit of the Acadia Parish Police Jury, as of December 31, 2002, and for the two years then ended as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Acadia Parish First Ward Drainage District as of December 31, 2002, and the results of its operations for the two years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 28, 2003, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Honorable Clyde Leger, Jr.,
and the Board of Commissioners
Acadia Parish First Ward Drainage District

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of Acadia Parish First Ward Drainage District taken as a whole. The schedule listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Acadia Parish First Ward Drainage District. Such information has been subjected to the procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects in relation to the general purpose financial statements taken as a whole.

Broussard, Poche, Lewis & Breaux LLP

Crowley, Louisiana
February 28, 2003

ACADIA PARISH FIRST WARD DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 2002

	Governmental Funds		Account Groups		Total (Memorandum Only)
	General Fund	Debt Service Fund	General Fixed Assets	General Long-Term Debt	
ASSETS					
Cash	\$ 22,047	\$ 147	\$ -	\$ -	\$ 22,194
Certificate of deposit	80,000	-	-	-	80,000
Receivables	198,864	-	-	-	198,864
Equipment	-	-	296,028	-	296,028
Amount to be provided	-	-	-	169,362	169,362
Total assets	\$ 300,911	\$ 147	\$ 296,028	\$ 169,362	\$ 766,448
LIABILITIES AND FUND EQUITY					
CURRENT LIABILITIES					
Accounts payable	\$ 6,623	\$ -	\$ -	\$ -	\$ 6,623
Current portion of capital lease payable	-	-	-	4,362	4,362
Current portion of certificate of indebttness	-	-	-	31,000	31,000
Total current liabilities	\$ 6,623	\$ -	\$ -	\$ 35,362	\$ 41,985
LONG-TERM LIABILITIES					
Certificate of indebttness, due after one year	-	-	-	134,000	134,000
Total liabilities	\$ 6,623	\$ -	\$ -	\$ 169,362	\$ 175,985
FUND EQUITY					
Investment in general fixed assets	\$ -	\$ -	\$ 296,028	\$ -	\$ 296,028
Fund balance: Unreserved - undesignated	294,288	147	-	-	294,435
Total fund equity	\$ 294,288	\$ 147	\$ 296,028	\$ -	\$ 590,463
Total liabilities and fund equity	\$ 300,911	\$ 147	\$ 296,028	\$ 169,362	\$ 766,448

See Notes to Financial Statements.

ACADIA PARISH FIRST WARD DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY

COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
Year Ended December 31, 2002

	General Fund	Debt Service Fund	Total (Memorandum Only)
Revenues:			
Taxes:			
Ad valorem	\$ 196,732	\$ -	\$ 196,732
Intergovernmental:			
State revenue sharing	15,079	-	15,079
Sale of capital asset	65,000	-	65,000
Other	5,362	147	5,509
Total revenues	<u>\$ 282,173</u>	<u>\$ 147</u>	<u>\$ 282,320</u>
Expenditures:			
Current:			
Public works:			
Salaries and related benefits	\$ 45,687	\$ -	\$ 45,687
Compensation paid to board of commissioners	6,640	-	6,640
Accounting and auditing	2,960	-	2,960
Legal expense	2,475	-	2,475
Office	818	-	818
Insurance	15,079	-	15,079
Pension	6,624	-	6,624
Uncollected taxes	2,666	-	2,666
Repairs	15,017	-	15,017
Rent expense	8,050	-	8,050
Oil and fuel	4,715	-	4,715
Other	959	-	959
Capital outlay	195,143	-	195,143
Debt service:			
Principal	26,056	-	26,056
Interest	1,048	-	1,048
Total expenditures	<u>\$ 333,937</u>	<u>\$ -</u>	<u>\$ 333,937</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (51,764)</u>	<u>\$ 147</u>	<u>\$ (51,617)</u>
Other financing source:			
Proceeds from issuance of certificate of indebtedness	<u>\$ 165,000</u>	<u>\$ -</u>	<u>\$ 165,000</u>
Excess of revenues over expenditures and other financing source	<u>\$ 113,236</u>	<u>\$ 147</u>	<u>\$ 113,383</u>
Fund balance, beginning	181,052	-	181,052
Fund balance, ending	<u><u>\$ 294,288</u></u>	<u><u>\$ 147</u></u>	<u><u>\$ 294,435</u></u>

See Notes to Financial Statements.

ACADIA PARISH FIRST WARD DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
Year Ended December 31, 2001

Revenues:

Taxes:

Ad valorem

\$ 183,315

Intergovernmental:

State revenue sharing

15,672

Other

1,520

Total revenues

\$ 200,507

Expenditures:

Current:

Public works:

Salaries and related benefits

\$ 39,328

Compensation paid to board of commissioners

3,120

Accounting and auditing

3,750

Office

116

Insurance

13,083

Pension

5,724

Uncollected taxes

2,415

Repairs

13,303

Oil and fuel

5,142

Other

12,850

Debt service:

Principal

42,467

Interest

3,427

Total expenditures

\$ 144,725

Excess of revenues over expenditures

\$ 55,782

Fund balance, beginning

125,270

Fund balance, ending

\$ 181,052

See Notes to Financial Statements.

ACADIA PARISH FIRST WARD DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL -
GENERAL FUND

Year Ended December 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Total (Memorandum Only)</u>
Revenues:			
Taxes:			
Ad valorem	\$ 183,315	\$ 196,732	\$ 13,417
Intergovernmental:			
State revenue sharing	15,672	15,079	(593)
Sale of capital asset	-	65,000	65,000
Other	1,000	5,362	4,362
Total revenues	<u>\$ 199,987</u>	<u>\$ 282,173</u>	<u>\$ 82,186</u>
Expenditures:			
Current:			
Public works:			
Salaries and related benefits	\$ 40,000	\$ 45,687	\$ (5,687)
Compensation paid to board of commissioners	4,800	6,640	(1,840)
Accounting and auditing	3,000	2,960	40
Legal expense	-	2,475	(2,475)
Office	200	818	(618)
Insurance	20,000	15,079	4,921
Pension	5,724	6,624	(900)
Uncollected taxes	5,000	2,666	2,334
Repairs	15,000	15,017	(17)
Rent expense	-	8,050	(8,050)
Oil and fuel	7,000	4,715	2,285
Other	25,500	959	24,541
Capital outlay	-	195,143	(195,143)
Debt Service:			
Principal	57,058	26,056	31,002
Interest	-	1,048	(1,048)
Total expenditures	<u>\$ 183,282</u>	<u>\$ 333,937</u>	<u>\$ (150,655)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 16,705</u>	<u>\$ (51,764)</u>	<u>\$ (68,469)</u>
Other financing source:			
Proceeds from issuance of certificate of indebtedness	\$ -	\$ 165,000	\$ 165,000
Excess of revenues over expenditures and other financing source	<u>\$ 16,705</u>	<u>\$ 113,236</u>	<u>\$ 96,531</u>
Fund balance, beginning	-	181,052	181,052
Fund balance, ending	<u><u>\$ 16,705</u></u>	<u><u>\$ 294,288</u></u>	<u><u>\$ 277,583</u></u>

ACADIA PARISH FIRST WARD DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL -
GENERAL FUND

Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Total (Memorandum Only)</u>
Revenues:			
Taxes:			
Ad valorem	\$ 183,315	\$ 183,315	\$ -
Intergovernmental:			
State revenue sharing	15,672	15,672	-
Other	1,000	1,520	520
Total revenues	<u>\$ 199,987</u>	<u>\$ 200,507</u>	<u>\$ 520</u>
Expenditures:			
Current:			
Public works:			
Salaries and related benefits	\$ 40,000	\$ 39,328	\$ 672
Compensation paid to board of commissioners	4,800	3,120	1,680
Accounting and auditing	3,000	3,750	(750)
Office	200	116	84
Insurance	20,000	13,083	6,917
Pension	5,724	5,724	-
Uncollected taxes	5,000	2,415	2,585
Repairs	15,000	13,303	1,697
Oil and fuel	7,000	5,142	1,858
Other	25,500	12,850	12,650
Debt Service:			
Principal	57,058	42,467	14,591
Interest	-	3,427	(3,427)
Total expenditures	<u>\$ 183,282</u>	<u>\$ 144,725</u>	<u>\$ 38,557</u>
Excess of revenues over expenditures	<u>\$ 16,705</u>	<u>\$ 55,782</u>	<u>\$ 39,077</u>
Fund balance, beginning	-	125,270	125,270
Fund balance, ending	<u>\$ 16,705</u>	<u>\$ 181,052</u>	<u>\$ 164,347</u>

ACADIA PARISH FIRST WARD DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

As provided by Louisiana Revised Statute 38:1758, the Drainage District is governed by five commissioners. These five commissioners are referred to as the Board of Commissioners and are appointed by the parish police jury. The Drainage District was created under the authority of Louisiana Revised Statutes 38:1751-1802 and was established for the purpose of draining and reclaiming the undrained or partially drained marsh, swamp, and overflowed lands in the district that must be leveed and pumped in order to be drained and reclaimed.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. All GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

Reporting entity:

In conformance with GASB Codification Section 2100, the Drainage District is a component unit of the Acadia Parish Police Jury, the governing body of the Parish and the governmental body with oversight responsibility. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Police Jury, the general governmental services provided by that governmental unit, and other governmental units that comprise the governmental reporting entity.

Fund accounting:

The District uses funds to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

General fund:

The general fund is classified as a governmental fund. Governmental funds account for the District's general activities, including the collection and disbursement of specific or legally restricted monies. The general fund is the general operating fund of the District and accounts for all financial resources.

Debt service fund:

The debt service fund accounts for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

NOTES TO FINANCIAL STATEMENTS

General fixed assets and general long-term debt:

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds. Public domain or infrastructures are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

Long-term liabilities expected to be financed from governmental funds are accounted for in the general long-term account group, not in the governmental funds.

The two account groups are not funds. They are concerned only with the measurement of financial position and do not involve measurement of results of operations.

Basis of accounting:

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The District's accounts are reported on the modified accrual basis of accounting using the following practices in recording revenues and expenditures:

Revenues:

Ad valorem taxes and state revenue sharing are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent by December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

The following is a summary of levied ad valorem taxes:

	<u>2002</u>	<u>2001</u>
General corporate purposes:		
Operations and maintenance	<u>8.00</u>	<u>8.00</u>

Interest income represents amounts earned on checking accounts and certificate of deposit invested with financial institutions. Interest earned is recorded when received.

Expenditures:

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt which is recognized when due.

NOTES TO FINANCIAL STATEMENTS

Budget practices:

The budgeted revenue and expenditures are based on current figures and past experience. They are discussed, approved, adopted and amended as necessary by the Board of Commissioners at the regular monthly meetings. The budget is prepared on a basis consistent with generally accepted accounting principles. All appropriations lapse at year-end. The District does not use encumbrance accounting.

Cash and cash equivalents:

At December 31, 2002, the District has cash and investments (book balances) totaling \$102,194. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At December 31, 2002, the District has \$97,192 in cash and investments (collective bank balances). These deposits are fully secured from risk by federal deposit insurance.

Pensions:

Employees of the Drainage District are covered under the Federal Insurance Contribution Act (social security). The employees and the District contribute equally to the system.

Vacation and sick leave:

The District does not have a formal policy on vacation and sick leave.

Total column:

The total column on the combined balance sheet is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTES TO FINANCIAL STATEMENTS

Note 2. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Equipment</u>
Balance, December 31, 2000	\$ 222,578
Additions - 2001 and 2002	195,143
Reductions - 2001 and 2002	<u>(121,693)</u>
Balance, December 31, 2002	<u>\$ 296,028</u>

Note 3. Changes in General Long-Term Obligations

The following is a summary of long-term obligations of the District for the year ended December 31, 2002:

Balance, December 31, 2000	\$ 72,886
Additions:	
2002 – issuance of certificate of indebtedness	165,000
Reductions:	
2001 – Principal payments	42,467
2002 – Principal payments	<u>26,057</u>
Balance, December 31, 2002	<u>\$ 169,362</u>

On May 12, 1997, the District purchased a John Deere 690E Excavator for \$121,693 under a capital lease with 60 monthly payments of \$2,355 at 6.25% through April 2002. The District paid out the lease in 2002 and then elected to execute the “buy back” provision on the lease with John Deere. On May 20, 2002, John Deere remitted \$65,000 to the District and the excavator was officially taken off the District’s name. In May 1999, the District entered into a lease-purchase agreement for the acquisition of a dozer at a cost of \$75,533 with 60 monthly payments of \$1,470 at an interest rate of 6.5% through April 20, 2003. On September 1, 2002, the District entered into a certificate of indebtedness, Series 2002, in the sum of \$165,000 for the purpose of paying a portion of the cost of acquiring a new hydraulic excavator. The certificate of indebtedness is payable semiannually on March 1 and September 1 of year commencing March 1, 2003, at an interest rate of 4% through March 1, 2007.

NOTES TO FINANCIAL STATEMENTS

The annual requirements including interest to amortize all long-term obligations outstanding at December 31, 2002 follow:

2003	\$ 41,390
2004	36,720
2005	36,420
2006	36,080
2007	<u>35,700</u>
	\$ 186,310
Less: Interest	<u>16,948</u>
Present value	<u>\$ 169,362</u>

Note 4. Receivables

The following is a summary of receivables at December 31, 2002:

Ad valorem tax	\$ 188,812
State revenue sharing	<u>10,052</u>
	<u>\$198,864</u>

SUPPLEMENTARY INFORMATION

ACADIA PARISH FIRST WARD DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY

SCHEDULE OF COMPENSATION PAID TO BOARD OF COMMISSIONERS
Two Years Ended December 31, 2002

<u>Name</u>	<u>2002</u>	<u>2001</u>
John E. Hoffpauir	\$ 1,440	\$ 720
Clyde Leger, Jr.	1,240	540
Raymond Trahan	1,440	720
A.J. Credeur	1,080	480
Sanders Senegal	<u>1,440</u>	<u>660</u>
Total	<u>\$ 6,640</u>	<u>\$ 3,120</u>

The schedule of compensation paid to board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

The board members received \$60 per diem for attendance of meetings of the board. Effective April 22, 2002, the board members begin receiving \$100 per diem for attendance of meetings.



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Lawrence A. Cramer, CPA* 1999

Michael P. Crochet, CPA* 1999

Ralph Friend, CPA* 2002

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Clyde Leger, Jr.,
and the Board of Commissioners
Acadia Parish First Ward Drainage District
Rayne, Louisiana

We have audited the general purpose financial statements of Acadia Parish First Ward Drainage District, a component unit of the Acadia Parish Police Jury, as of and for the two years ended December 31, 2002, and have issued our report thereon dated February 28, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Acadia Parish First Ward Drainage District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards and which is described in the accompany schedule of finding and questioned costs as item 2002-1 and 2002-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Acadia Parish First Ward Drainage District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operations that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating that, in our judgment, could adversely affect Acadia Parish First Ward Drainage District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompany schedule of findings and questioned costs as item 2002-3.

The Honorable Clyde Leger, Jr.,
and the Board of Commissioners
Acadia Parish First Ward Drainage District

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we considered the reportable condition described above, item 2002-3 to be material weaknesses.

This report is intended for the information of management and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Broussard, Piche, Lewis & Breaux LLP

Crowley, Louisiana
February 28, 2003

ACADIA PARISH FIRST WARD DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Two Years Ended December 31, 2002

We have audited the financial statements of Acadia Parish First Ward Drainage District, as of and for the two years ended December 31, 2002, and have issued our report thereon dated February 28, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2002, resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness ☒ Yes ☐ No

Reportable Conditions ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☒ Yes ☐ No

b. Federal Awards

The District did not receive any federal awards for the two years ended December 31, 2002.

Section II Financial Statement Findings

2002-1 - Budget Adoption

Finding: The District failed to adopt a budget before the beginning of the years ended 2001 and 2002, as required by the Local Government Act (LSA-RS: 1301-1316).

Cause: The District failed to adopt a budget prior to the beginning of the years ended 2001 and 2002.

Recommendation and response: We recommend, and management agrees that the District adopt a budget prior to the beginning of the year as required by the Local Government Act.

2002-2 - Budget Violation

Finding: Actual expenditures exceeded budgeted amounts by more than 5% in the General Fund in the year ended 2002, and the budget was not amended as required by Local Government Act.

Cause: The budget was not amended prior to the end of the year to meet the 5% rule.

Recommendation and response: We recommend, and management agrees, that the District follow the provisions of the Budget Act as it pertains to adopting budget amendments as circumstances warrant.

**ACADIA PARISH FIRST WARD DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Two Years Ended December 31, 2002**

Section II Financial Statement Findings (continued)

2002-3 – Board Member Compensation

Condition: According to Internal Revenue Code § 31.3401(c)-1, "...officers... whether elected or appointed..." are included in the definition of employee. Therefore, any board member is considered an employee of the District for tax purposes and the compensation paid to them is subject to social security (if not a member of a retirement system), Medicare (if the board member was appointed or reappointed after March 31, 1986), and federal and state income tax withholding in 2001 and 2002.

Cause: Compensation paid to board members is reported to them at year-end using Form 1099. No taxes are withheld from these amounts or paid by the District on these amounts.

Recommendation and response: We recommend, and management agrees, that payments to the Board be subject to taxes and withholdings as are employee payments. Each board member should be required to complete a Form W-4 annually.

Section III Federal Award Findings and Questioned Costs

The District did not receive any federal awards for the two years ended December 31, 2002.

ACADIA PARISH FIRST WARD DRAINAGE DISTRICT

MANAGEMENT'S CORRECTIVE ACTION PLAN

Two Years Ended December 31, 2002

Section I. Internal Control and Compliance Material to the Financial Statements

2002-1 - Budget Adoption

Finding: The District failed to adopt a budget before the beginning of the years ended 2001 and 2002 as required by the Local Government Act.

Cause: The District failed to adopt a budget prior to the beginning of the years ended 2001 and 2002.

Recommendation and response: We recommend, and management agrees, that the District adopt a budget prior to the beginning of the fiscal year as required by the Local Government Budget Act.

2002-2 - Budget Violation

Finding: Actual expenditures exceeded budgeted amounts by more than 5% in the General Fund in the year ended 2002, and the budget was not amended as required by Local Government Act.

Cause: The budget was not amended prior to the end of the year to meet the 5% rule.

Recommendation and response: We recommend, and management agrees, that the District follow the provisions of the Budget Act as it pertains to adopting budget amendments as circumstances warrant.

2002-3 - Board Member Compensation

Condition: According to Internal Revenue Code § 31.3401(c)-1, "...officers... whether elected or appointed..." are included in the definition of employee. Therefore, any board member is considered an employee of the District for tax purposes and the compensation paid to them is subject to social security (if not a member of a retirement system), Medicare (if the board member was appointed or reappointed after March 31, 1986), and federal and state income tax withholding in 2001 and 2002.

Cause: Compensation paid to board members is reported to them at year-end using Form 1099. No taxes are withheld from these amounts or paid by the District on these amounts.

Recommendation and response: We recommend, and management agrees, that payments to the Board be subject to taxes and withholdings as are employee payments. Each board member should be required to complete a Form W-4 annually.

Section II. Internal Control and Compliance Material to Federal Awards

The District did not receive any federal awards for the two years ended December 31, 2002.

ACADIA PARISH FIRST WARD DRAINAGE DISTRICT

MANAGEMENT'S CORRECTIVE ACTION PLAN (CONTINUED)
Year Ended December 31, 2002

Section III. Management Letter

The current year's report did not include a management letter.

Responsible party: Clyde Leger Jr., President